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**VIA ELECTRONIC FILING**

Ms. Jocelyn Boyd  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

RE: Duke Energy Carolinas, LLC - Proposed Modifications to the Nonresidential Smart Saver® Energy Efficient Products and Assessment Program and the Nonresidential Smart Saver® Performance Incentive Program  
**Docket No. 2013-298-E**

Dear Ms. Boyd:

Pursuant to Commission Order No. 2013-889, Duke Energy Carolinas, LLC's ("DEC" or "Company") hereby submits for approval proposed modifications to its Nonresidential Smart Saver® Energy Efficient Products and Assessment Program and its Nonresidential Smart Saver® Performance Incentive Program. This letter is accompanied by the following attachments:

1. Attachment A - The Proposed Nonresidential Smart Saver® Energy Efficient Products and Assessment Program tariff; and
2. Attachment B - The Proposed Nonresidential Smart Saver® Performance Incentive Program tariff.

The program modifications incorporated in this filing are in response to changing market conditions and are intended to align the program across the Carolinas with respect to new Combined Heat and Power ("CHP") facilities that may be eligible for energy efficiency related incentives.

The modifications proposed for the Nonresidential Smart Saver® Energy Efficient Products and Assessment Program are as follows:

1. The removal of references to the potential qualification of CHP facilities for incentive payments, as CHP-related incentives are being transferred to the Nonresidential Smart Saver® Performance Incentive Program; and



2. The addition of greater specificity with regard to the program's prescriptive and custom incentives.

The modifications proposed for the Nonresidential Smart \$aver® Performance Incentive Program are as follows:

1. The addition of CHP eligibility provisions under the Program's guidelines. The added provisions provide that "The energy efficiency associated with a newly constructed non-utility owned Combined Heat and Power ("CHP") system sited on a customer's premise will be eligible for consideration under the program."
2. Removing "no greater than 50%" from the payment section to allow known technologies greater certainty when applying for incentives.

The Commission's prompt attention to this matter is appreciated.

Yours truly,

Frank R. Ellerbe, III

FRE:tch

Enclosures

cc w/enc: Parties of Record

NONRESIDENTIAL SMART SAVER ®  
ENERGY EFFICIENT PRODUCTS AND ASSESSMENT PROGRAM (SC)

**PURPOSE**

The purpose of this program is to encourage the installation of new high efficiency equipment in new and existing nonresidential establishments as well as efficiency-related repair activities designed to maintain or enhance efficiency levels in currently installed equipment. The program will provide incentive payments for energy assessment and offset a portion of the higher cost of new energy efficient equipment or the efficiency-related repair activities.

**PROGRAM**

Payments are available to owners of, or customers occupying, new or existing nonresidential establishments served on Company's general service rate and industrial rate schedules from Company's retail system.

Payments are available for a percentage of qualifying energy assessments, a percentage of the cost difference between standard equipment and qualifying new higher efficiency equipment, or a percentage of the cost of qualifying efficiency-related repair activities as further described below.

**Prescriptive Incentives for Specific Equipment**

The following types of equipment are eligible for incentives.

- High efficiency lighting
- High efficiency heating, ventilation and air conditioning equipment
- High efficiency pumps and variable frequency drives
- High efficiency food service equipment
- High efficiency process equipment
- High efficiency information technology equipment

The Company may vary the percentage incentive by type of equipment, differences in efficiency and type of efficiency-related repair activity either to provide the minimum incentive needed to drive customers to install purchase higher efficiency equipment or to encourage maintaining or enhancing efficiency levels in currently installed equipment.

The Company reserves the right to adjust the incentive and equipment requirements on a periodic basis as equipment efficiency standards change and as customers naturally move to install higher efficiency equipment.

The amount of the incentive payment for various standard types of equipment will be filed with the Commission annually, for information, and posted to the Company's website at [www.duke-energy.com](http://www.duke-energy.com).

**Incentives for Custom Projects****Energy Assessments**

Optional energy assessments are available to identify and/or evaluate energy efficiency projects and energy efficient measures. The scope of an energy assessment may include but is not limited to facility energy audit, new construction/renovation energy performance simulation, system energy study and retro-commissioning service. Payments are available to offset a portion of the costs of a qualifying energy assessment.

The Company may vary the percentage of energy assessment payment based on the facility size, age, equipment, and other criteria that may affect the amount of energy efficiency opportunities, and the expectation of the customer implementing recommendations identified. All, or a portion of, the energy assessment payment may be contingent on the customer implementing a minimum amount of cost effective energy efficiency measures within a set timeframe.

**Custom Incentives**

Custom incentives are available with or without an energy assessment provided by the Company. The Company shall determine what projects meet the criteria for higher efficiency equipment or efficiency-related maintenance activities, including but not limited to the types of equipment shown above under Prescriptive Incentives. To qualify for efficiency related incentives for HVAC or process equipment, such equipment must have a remaining use life greater than 2 years.

Electric generation, from either non-renewable or renewable sources, is not considered an energy efficiency measure and therefore does not qualify for payments.

The Company may vary the percentage incentive based on project conditions, including differences in efficiency, operating conditions, measure life, free ridership, and other factors that affect projected energy savings, and based on measure cost effectiveness in order to provide the minimum incentive needed to drive customers to install higher efficiency equipment.

The Company also offers an optional, expedited review process for projects with short timelines. A fee associated with the expedited review of an application will be borne by the customer submitting the application regardless of application approval. Customer's electing to use the expedited review will be charged by the Company regardless of the results of their application; however, at the time of their application approval a customer may elect to defer the payment of the fee until the Company processes the incentive payment. The expedited review process is available to all customers and the expedition fee will be posted on the company's website and is subject to change.

In order to receive payment under the Smart Saver Prescriptive program the following requirements must be met.

- For new high efficiency equipment in an existing establishment, the customer must submit a request for incentive payment either before or within ninety (90) days of installation, along with the required documentation and verification that the installed efficiency measures meet the requirements of this program.
- For efficiency-related activity, the customer must submit a request for incentive payment either before or within 90 days of the completing the efficiency-related activity, along with the required documentation and verification that the efficiency-related activity meet the requirements of the program.
- For new high efficiency equipment in a new establishment the customers must submit a request for incentive payment either before or within 90 days after the customer takes initial permanent service for the Company.

In order to receive payment under the Smart Saver Custom program, all program eligibility requirements must be met. Program eligibility requirements are listed in the Terms and Conditions on the Smart Saver application.

The Company reserves the right to inspect the premises of the customer both before and after implementation of the measure or completion of the efficiency-related activity for which an incentive payment is requested. Incentive payments will be made only after the equipment has been installed and is operable or the efficiency-related activity has been completed, as verified by the Company.

Multiple incentive payments may be requested for each establishment; however, the Company reserves the right to limit the payments per establishment per year.

#### PAYMENT

- The payment to the customer or owner will be an amount up to 75% of the installed cost difference between new standard equipment and new higher efficiency equipment or up to 75% of the cost of the efficiency-related activity.
- In conjunction with this program or in combination with other approved Company energy efficiency and DSM programs, Company may provide a limited quantity of low-cost energy efficient equipment directly to eligible Non-residential customer accounts, at no out-of-pocket cost to the customer.
- With Company approval, the customer or owner may designate that payment be made to the vendor or other third-party.

#### COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.

**NONRESIDENTIAL SMART \$AVER® PERFORMANCE  
INCENTIVE PROGRAM SSP (SC)****PURPOSE**

The purpose of the Smart Saver Performance Incentive Program is to encourage (1) installation of high efficiency equipment in new and existing nonresidential establishments and (2) enhanced maintenance and repair activities to improve energy efficiency levels in existing equipment. The Program provides incentive payments to offset a portion of the higher cost of energy efficient installations and maintenance activities that are not eligible for consideration under the Nonresidential Smart Saver® Energy Efficient Products and Assessment Program. Eligible program measures includes projects with a combination of unknown building conditions, unsure operating system constraints, and/or uncertain operating, occupancy, or production schedules that cause difficulty in accurately forecasting future energy reductions. The specific measures eligible under this Program and the estimated energy savings will be provided by the Customer and will be specified in a Customer agreement.

**PROGRAM**

Incentive Payments are available to customers occupying new or existing establishments receiving electric service under a Company retail nonresidential rate schedule. Incentive Payments are applicable to cost incurred by a customer for the cost differential between standard and qualifying new high efficiency equipment and the cost of qualifying efficiency-related repair activities. The energy efficiency associated with a newly constructed non-utility owned Combined Heat and Power ("CHP") system sited on a customer's premise will be eligible for consideration under the program.

The customer must complete and submit an Application defining the specific measures to be pursued and estimated energy savings of each measure before implementing the project. The eligibility of the Customer's request for participation in this Program will be determined solely by the Company upon receipt of the Customer's Application. Upon approval, the estimated total project savings will be reviewed and mutually agreed to by Customer and Company. The incentive payment shall be the estimated first year kWh reduction multiplied by the published Smart Saver Incentive rate. The Smart Saver Performance Incentive Program website will maintain the program's incentive rate schedule.

The Company reserves the right to inspect the Customer's premises before and after implementation of the measure(s) or completion of the efficiency-related maintenance activity for which an incentive payment is requested. Incentive payments will be made only after the equipment has been installed and is operable or the efficiency-related repair or maintenance activity has been completed, as verified by the Company.

Multiple Incentive Payments may be prescribed for each establishment; however, the Company reserves the right to limit the Incentive Payments per establishment per year and based on performance as outlined below.

**PAYMENT**

The Customer shall receive both an Initial Incentive Payment and Subsequent Incentive Payment after energy reduction results are verified. The total of the Initial and Subsequent Incentive Payments to the Customer will be an amount not to exceed 75% of the installed cost difference between new standard equipment and new higher efficiency equipment and/or the cost of the efficiency-related repair or maintenance activities.

The Customer shall receive an Initial Incentive Payment which shall be a percentage of the estimated Smart Saver Performance Incentive Program incentive calculation upon completion of the project by Customer, following review and approval by the Company.

Upon completion, a measurement period will begin to verify actual energy reductions achieved by the measure(s). The Customer shall receive a Subsequent Incentive Payment after energy reductions are verified at the conclusion of the measurement period. The sum of the Initial and Subsequent Incentive Payments shall be equal to Smart Saver Performance Incentive Program incentive calculation, adjusted to reflect the verified savings amount. With Company approval, the Customer may designate that payment be made to the vendor or other third-party.

Duke Energy Carolinas, LLC

Electricity No. 4  
South Carolina First Revised Leaf No. 179  
Superseding South Carolina Original Leaf No. 179

COMPANY RETENTION OF PROGRAM BENEFITS

Incentives and other considerations offered under the terms of this Program are understood to be an essential element in the recipient's decision to participate in the Program. Upon payment of these considerations, Company will be entitled to any and all environmental, energy efficiency, and demand reduction benefits and attributes, including all reporting and compliance rights, associated with participation in the Program.

South Carolina First Revised Leaf No. 179  
Effective for service on and after  
PSCSC Docket No.2013-298-E  
Order No.